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Review of the evolution of modern states: Sweden, Japan, and the United States by Sven Steinmo

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The Evolution of Modern States: Sweden, Japan, and the United States. Sven Steinmo. New York: Cambridge University Press, 2010. 288 pp. \$29.99 (paper).

Sven Steinmo's fascinating new book on the evolution of modern states challenges us to view national political economies, tax structures, and social welfare policies not as distinct entities but as unique and intertwined "systems" that evolve over time. Two issues stand out in this exceptional book. First is the application of evolutionary theory, which posits "social systems" to be "fundamentally different than inanimate matter. Similar to living organisms, they change, adapt and evolve" (10). From this perspective, complex multivariable causation and interactive effects are common because the human world is made of complex adaptive systems and interacting emergent phenomena. Building a prospective bridge between historical institutionalism and interdisciplinary evolutionary theory, Steinmo stresses that "*when* and *where* something occurs can fundamentally shape what occurs" (13), while explicitly recognizing that "not all evolutionary adaptations are efficient and not all evolution is progressive . . . [there is] enormous frequency of extinction and the occurrence of regression" (146).

This keen insight informs the dynamic empirical analyses of three very different countries facing the challenges of postindustrial individualism, an ageing society, racism, and increasing capital flight under an open economy. In contrast to predictions from neoliberals on the political right, the author finds that Sweden has weathered this storm quite well, while Japan and the United States are racking up economic crises, debt, and unemployment. As one of the top countries on just about every indicator of economic competitiveness and social well-being, the "social-liberal" system of Sweden has survived over 80 years because of a "widespread sense among Swedes that the system is fair . . . virtually everyone pays into the system and virtually everyone can directly see the benefits they receive from the state . . . people don't mind paying so much in taxes—at least as long as what they pay continues to support some of the world's best public education, child care, maternity leave, medical care and vacation pay and as long as the economy continues to prosper" (40). Possibly the most powerful alternative explanation to the author's evolutionary thesis for explaining these achievements is the fact that Swedish labor power is still at least four times more organized (79% of the workforce are union members and 90% are covered under collective bargaining agreements) than in Japan

and the United States where 22% and 13% of the workforce are union members and only 14% are covered by collective bargaining.

Whereas all benefit under Sweden's high tax, high trust, universal welfare state, Japan and the United States with their low taxes and less coherent economic and political systems have generated very low trust in government and increasing inequality. Furthermore, as Steinmo informs us, simply increasing taxes in Japan and the United States alone will not solve their weaknesses because of deeper structural problems embedded in the thinking of their elites and in their political institutions. In fact, Sweden's "*symbiotic relationship* between organizations representing capital and labor" (23), Japan's *hybrid* political system, and the *allopatric* character of the United States have evolved over multiple generations, rendering a rapid shift to an alternative system very unlikely.

Steinmo may be right about this. These states' relatively slow pace of change is well illustrated in the book's perceptive prediction of the failure of the current Obama Administration to introduce comprehensive national health insurance. Unrepresentative and minoritarian veto players likewise foiled previous attempts to do so in the 1930s, 1960s, and 1990s, even when such a policy was supported by the majority of citizens. While several of the book's claims such as the notion that the United States is a "weak state" may be disputed, the United States case arguably contains the book's most penetrating and insightful analysis. Building on earlier work, Steinmo (1993) reveals how the United States is far from being a "free" market as the "government manipulates the private sector via hidden and often indirect mechanisms" (25). Americans also fail to recognize and appreciate the large amount of government subsidies doled out to the middle class via tax deductions. The result is a "'me too' clamber for particularized benefits, public subsidies and tax breaks" (184) rather than support for universal programs, but the sad fact is that means-tested programs have failed to reduce poverty, and the United States spends more on public health care (6.8% of GDP) than the Organisation for Economic Co-operation and Development (OECD) average while only covering 27% of the population rather than 100% of the population as in other OECD nations (157).

Japan, on the other hand, has moved to increasingly adopt aspects of American neoliberalism (especially decreases in job security, government revenue, and taxes on the wealthy) since the 1990s, while its efficient large manufacturing firms essentially subsidize politically protected inefficient retailers, construction firms, and farms. Somewhat perversely, failing companies get extended credit to pay salaries to workers and "build bridges to nowhere" (97). Nevertheless, Japan is different from the United States in having a more egalitarian spirit and relying on the family (especially women) for much welfare provision. The Japanese state also contrasts with Sweden, the latter of which is strong on social affairs but nonintrusive in economic affairs. Although the analysis of Japan is arguably the least developed of the three cases, it presents an interesting contrast to the other

two states, which is why this book will greatly appeal to scholars of comparative politics, political economy, and welfare states, who will find this book very useful in teaching graduate and undergraduate courses on these subjects.

In summary, this book is innovative, thought provoking, and especially timely during this period of global economic crisis as the old neoliberal model has failed to meet expectations not only in the United States but even more so in places like Japan. The Swedish social democratic model, by contrast, has adapted quite well to this crisis and continues to be successful. In many ways, this pioneering book brings us back to Katzenstein's (1985) basic point that high taxes, social corporatism, and a large welfare state are not an *obstacle* but the *key* to surviving and thriving in a globalized economy. Whereas the tendency in international politics is for big countries to lecture small ones, this book reveals that it might actually be in the interests of larger countries such as the United States and Japan to take lessons from Sweden.

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